



CITY OF HAYWARD AGENDA REPORT

AGENDA DATE October 6, 1998

AGENDA ITEM _____

WORK SESSION ITEM WS # 3

To: Mayor and Members of City Council
Redevelopment Agency Board Members

FROM: Director of Community and Economic Development

SUBJECT: **Review of Report to Council and Proposed Amended Redevelopment Plan**

Recommendation:

It is recommended that the City Council and Agency Board review and comment on the Report to Council and the draft Redevelopment Plan.

Background:

The Report to Council and proposed Amended Redevelopment Plan are before the City Council and Agency Board at this time in order to review and discuss any issues pertaining to these documents that the Council/Agency Board wishes, prior to the joint public hearing to consider adoption of the Redevelopment Plan Amendment. The Report to Council contains a number of maps of the Redevelopment Project Area which are currently out of date due to recent development activity, such as the new City Hall. These maps will be corrected for the final printing of the Report. The Report from the Hayward Redevelopment Area Committee (HRAC) has been distributed to the Redevelopment Agency for review and comment. A community meeting has been scheduled for October 14th regarding the proposed Plan Amendment, and the public hearing to consider the adoption of the Plan Amendment is scheduled for October 27, 1998.

Overview of the Report to Council:

The proposed Redevelopment Plan Amendment would accomplish two major objectives. First, the Plan Amendment would add approximately 370 acres to the existing Project Area. (see Attachment A, Map of the Amended Project Area). The proposed boundaries of the Added Area have not changed since the Amended Preliminary Plan was adopted by the Planning Commission and accepted by the Agency Board in April 1998. The primary goals associated with the Added Area are: 1) to preserve the established residential areas, with special attention to the B Street corridor; 2) to implement the goals of the City's adopted plans, especially the Burbank and Santa Clara Neighborhood Plans; 3) to promote **re-use** of obsolete buildings where possible; and 4) to consider projects that eliminate blight or land use incompatibility, or provide needed public improvements.

The second major objective of the proposed Redevelopment Plan Amendment is to extend certain limitations with respect to the Existing Area. In essence, the Amendment would increase the time limits to incur debt by 10 years, and extend the time limit to receive tax increment by 5 years. It would also increase the limits on the amounts of outstanding debt to \$150 million and the limit on

the amount of tax increment that the Agency may collect. Finally, the Plan Amendment would extend the Agency's powers of eminent domain by 12 years. The reason for these extensions is **that** while **progress** has been made in revitalizing the Existing Project **Area**, it continues to suffer from significant economic and physical conditions that impair progress. The Plan Amendment will provide for additional tax increment **revenues** and powers to allow the Redevelopment Agency to continue its efforts to revitalize the greater downtown Hayward area.

Physical and Economic Conditions in the Amended Project Area:

The Report to Council contains documentation regarding blighting physical and economic conditions found in the Added Area and the Existing Area. With respect to the Existing Area, **there** are still a number of deficient and substandard buildings, a relatively high commercial vacancy rate, **stagnating** property values, inadequate parking **facilities** and parcels of irregular shape and inadequate size. With respect to the Added Area, there are a number of deteriorated or dilapidated buildings, incompatible adjacent uses and a number of substandard or underutilized lots. In addition, the Added Area exhibits stagnating property values, the presence of hazardous materials and a relatively high crime rate. With respect to the hazardous materials documentation in the Added Area, **Table II-8** of the Report indicates that the Added Area has a number of sites with existing or previous auto-related uses, such as gas stations and some underground fuel tanks that have leaked.

The Proposed Redevelopment Program:

The Report to Council outlines a redevelopment program to alleviate blighting conditions in the Amended Project Area and to meet the Agency's affordable housing conditions. Total redevelopment program expenditures are projected to cost \$72.1 million in constant dollars, of which \$10 million is for program administration and \$20.6 million is for affordable housing. The remaining \$41.5 **million** would be reserved for non-housing projects, including \$22.9 million (55%) for the Added Area and \$18.6 million (45%) for the Existing Area.

The proposed projects are organized into four categories: economic development projects in the Added Area, economic development projects in the Existing Area, public improvements and housing projects (see Table III-2). Housing projects are discussed below. The economic development projects in the Added Area primarily address the reuse or redevelopment of older industrial uses, such as the Cannery Site, including hazardous materials **remediation** as necessary. The economic development projects in the Existing Area are a continuation of the work that the Agency has been doing, with the additional funds for parking, sidewalk repair, and provision of a **façade** rehabilitation program for Foothill Boulevard. The public improvements programs include street landscaping and lighting improvements, and new circulation improvements in the Cannery area to buffer the residential areas from through traffic. These projects are also intended to improve the linkage between the Amtrak Station and the Downtown BART Station.

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The **HRAC** proposed one project substitution. In discussing the needs of the area with the School District and with the Hayward Area Recreation District (**HARD**), the HRAC **learned** that it would be desirable to both districts to facilitate a connection between Burbank School and Cannery Park. This would ideally be accomplished by closing Burbank Street to link the school and Cannery Park. This project was substituted for a project that had been listed in the **Preliminary** Report as "Create pedestrian and **bike** access over the **railroad** tracks to Centennial **Park**". The pedestrian bridge had been mentioned in the Burbank Neighborhood Plan. In discussing the project with HARD, the district did not **think that** this was a high priority and understood that it could be an expensive project. Moreover, the HRAC pointed out that such a bridge could create safety and vandalism problems. Because of the substitution of one project for another, and due to the differential in funding requirements, \$500,000 was shifted to the **streetscape** projects in the Added Area.

Financial Feasibility:

Information concerning the financial **feasibility** of the proposed Redevelopment Program was previously presented in the **Preliminary** Report, but has been refined and updated with the information supplied by the County. The County Fiscal **Officer's** Report provides the base year property assessed valuation for the Added Area, and also lists the tax revenues currently received by the existing taxing entities for the Area. The base year assessed **value** for the Added Area is \$161906,294.

The Amended Redevelopment Area is projected to generate a total of \$104.4 million in constant (present value) dollars over the life of the Plan (see Table IV-3). Of this amount, approximately \$18.6 million is estimated for passed through payments to other taxing entities, including the City, and approximately \$11.2 is currently required to repay outstanding debt. This leaves \$74.6 **million** available for administration, housing and non-housing projects. The current projection of gross tax increment is approximately \$1.5 million higher than previously reported. This increase is due in large part to recently approved development in the Added Area.

If the City does not elect to receive its pass through payments an additional \$2.1 million in present value dollars would be available to the Agency over the life of the **Plan**. **This would** amount to \$46,300 on an **annual** basis. In this evening's staff report concerning this item, staff recommends that the City Council elect to receive its passthrough payments, with the added provision that the City transfer the passthrough payments back to the Agency for the first five years in order to help "jump start" the amended redevelopment program. The first five years passthrough payments are generated **exclusively** from the Added Area, as the Existing Area is not required to begin its passthrough payments until FY **2004-5**.

The growth in property taxes was projected by the Agency's consultants, **Seifel & Associates**, by taking into **account** the 2% per year inflationary adjustment to property taxes that is allowed under Proposition 13. A 1% to 2% per year "**reassessment** adjustment" which accounts for **sales** of

property and improvements to existing property was added. Finally, the consultants and staff jointly worked to project new development that would add tax **increment** to the Amended Project Area over the life of the Plan. These projections are **summarized** on Table **Iv-2**, and amount to a total of 1,122 new residential units, 499,000 sq. ft. of new commercial development and the **re-use** of **424,000** sq. ft. of existing industrial building space. The projected development is within the range of projections used for the recent General Plan Circulation Element update, and is somewhat less than the projections used for the Draft Program EIR for the Redevelopment Plan Amendment.

The proposed Amended Redevelopment Plan has been found to be **financially** feasible given the overall balance between projected revenues and expenditures. It will be possible maintain an accounting of **expenditures** versus revenues generated by the Existing versus Added Areas, in order to **balance** the funding of each area over time.

The Five-Year Implementation Plan

The Agency adopted its first Five-Year Plan in December, 1994, and reviewed it in January, 1998. The proposed new Implementation Plan provides for both the Existing and Added Areas and would supercede the existing Plan. The Implementation Plan covers the period from 1999 through 2003.

The Five-Year Implementation Plan is intended to served as a flexible policy guide, rather than a budget. Due to various opportunities and constraints that present themselves over the next several years, the Agency will need to adjust its priorities annually for these changes. The Implementation Plan provides a list of projects (see Table V-1) which is a subset of the full redevelopment program. Nevertheless, there are more projects listed in the Implementation Plan than can be funded over the next five years. This allows the needed flexibility to adjust priorities. A total of \$11.6 million is proposed for funding over the next five years. Of this amount, \$2.2 million is estimated for administration, \$5.1 million is estimated for housing projects and \$4.3 is available for non-housing projects. The primary reason for the relatively high level of expenditures for affordable housing is the Agency's current cash balance of Low/Moderate Income housing funds.

Of the funding available for non-housing projects, the Existing Area would receive \$3.5 million, and the Added Area would receive **\$800,000**, with the Existing Area also providing the funding for project administration costs.

Of the funding available for affordable housing projects and programs, \$1.2 million is allocated to the Added Area,. and \$3.5 million is allocated to the Existing Area. In contrast, Table V-10 indicates that the **estimated** amount of revenue produced by the Added Area is approximately **\$275,000**. The reason for the proposed higher funding level is that the Added Area has a much higher number of residential units than the Existing Area. It is expected that in the later years of the Redevelopment Plan, the Added Area will be more than able to **refund** the **Existing** Area for these expenditures, Major housing programs during this period are shown on Table V-12, and

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include funding for rehabilitation of the 85 unit Green Shutter Hotel on B Street and assembly of Site Four for future housing development. In addition, funding is proposed for the first time **homebuyer** program and for single family and rental housing rehabilitation programs. Much of this effort would be directed to the Added Area.

Review by Taxing Entities:

There are 14 taxing entities in the proposed Amended Redevelopment Area that will be affected to a **greater** or lessor degree by the proposed Plan Amendment. As previously discussed, one of these entities is the City of Hayward. Because of the 1994 amendments to California Redevelopment Law (CRL), taxing entities are now entitled to **receive annual** tax increment **passthrough** payments on a formula basis. Projections of the **passthrough** payments to each entity are found in, Appendix H of the Report. These projections were **also** contained in the **Preliminary** Report that was sent to each entity. In addition, the taxing agencies **were sent** a copy of the County Fiscal Officer's Report, which was used as a basis for refining the revenue estimates. It should be noted that if the Plan Amendment is adopted, the taxing entities will receive passthrough payments from the Existing Area that they currently do not receive.

Agency staff contacted all of the taxing entities by letter and by telephone, and was able to speak with representatives from each agency with the exception of San **Lorenzo** Unified School District. In addition, staff met with representatives from the Hayward **Unified** School District, Hayward Area Recreation District and with the County. All of the taxing entities contacted were aware of the **passthrough** payments, and none expressed reservations regarding the proposed Plan Amendment

Public Review:

The HRAC met a total of six times from June through September, and produced a Report to the Redevelopment Agency, which **focussed** their major concerns into a series of recommendations. In addition to the HRAC meetings, the Council and Agency **Board** and the Planning Commission have discussed the proposed Plan Amendment at several meetings throughout this year, and in May the **Agency sponsored** a community meeting which explained the purpose of the proposed Plan Amendment and the Plan adoption process. Over 100 people attended that meeting. While no specific issues were raised at that meeting, it was clear that residents of the Burbank neighborhood want their neighborhood be preserved to the greatest extent possible. The staff is currently preparing to hold another community meeting, scheduled for October 14, 1998, to obtain public input on the proposed Plan Amendment.

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The HRAC Report:

The **HRAC** Report has been distributed to the Agency Board. In brief the HRAC recommendations are as follows:

- The HRAC **recommends** approval of the Redevelopment Plan with the inclusion of a provision that eminent domain be the method of property acquisition of last resort.
- The HRAC recommends approval of the **Owner** Participation Rules with the inclusion of a definition for the term “in conformance with the Redevelopment Plan.
- The HRAC recommends approval of the Implementation Plan with the inclusion of the following policies:
 1. Coordination between the City/Agency, the School District and HARD to explore improving the Burbank School facility;
 2. Retain the small-scale, single family character of the established **Burbank** and Santa Clara residential neighborhoods;
 3. Preserve the Victorian homes and sycamore trees along B Street, the **Ramos** bungalows and other existing residential styles;
 4. Revenue sharing between the Existing and Added **Areas** should **be** accounted for by the Agency;
 5. The Committee supports a rental housing rehabilitation program as outlined in the Implementation Plan.

Environmental Review:

The Final Environmental Impact Report (**EIR**) was presented to the Planning Commission on September 3, 1998, and the Commission recommended **certification** of the **EIR**. Recently, the Final **EIR** and the proposed Mitigation Monitoring Measures have been distributed for the City Council’s review. There were no major issues presented by the Final **EIR**.

Conclusions:

The proposed Redevelopment Plan Amendment provides a tool for the continued revitalization of the downtown, and for the implementation of policies concerning the Added Area that have been developed largely through the General Plan and the Burbank and Santa Clara Neighborhood Plans.

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While there appear to be **general concerns** that the Agency maintain the existing **character** of the core residential areas, preserve the historical **amenities**, and use its powers of eminent domain sparingly, it appears at this time that there are no significant **objections** towards adoption of the proposed Redevelopment Plan Amendment. It is clear that there are likely to be a number of hazardous materials issues to deal with in redeveloping **commercial** and industrial parcels in the Added Area. In addition, there seems to be support for assisting Burbank School to expand its site in some way.


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Recommended by:


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Attachment A: Map of the Amended Redevelopment Area

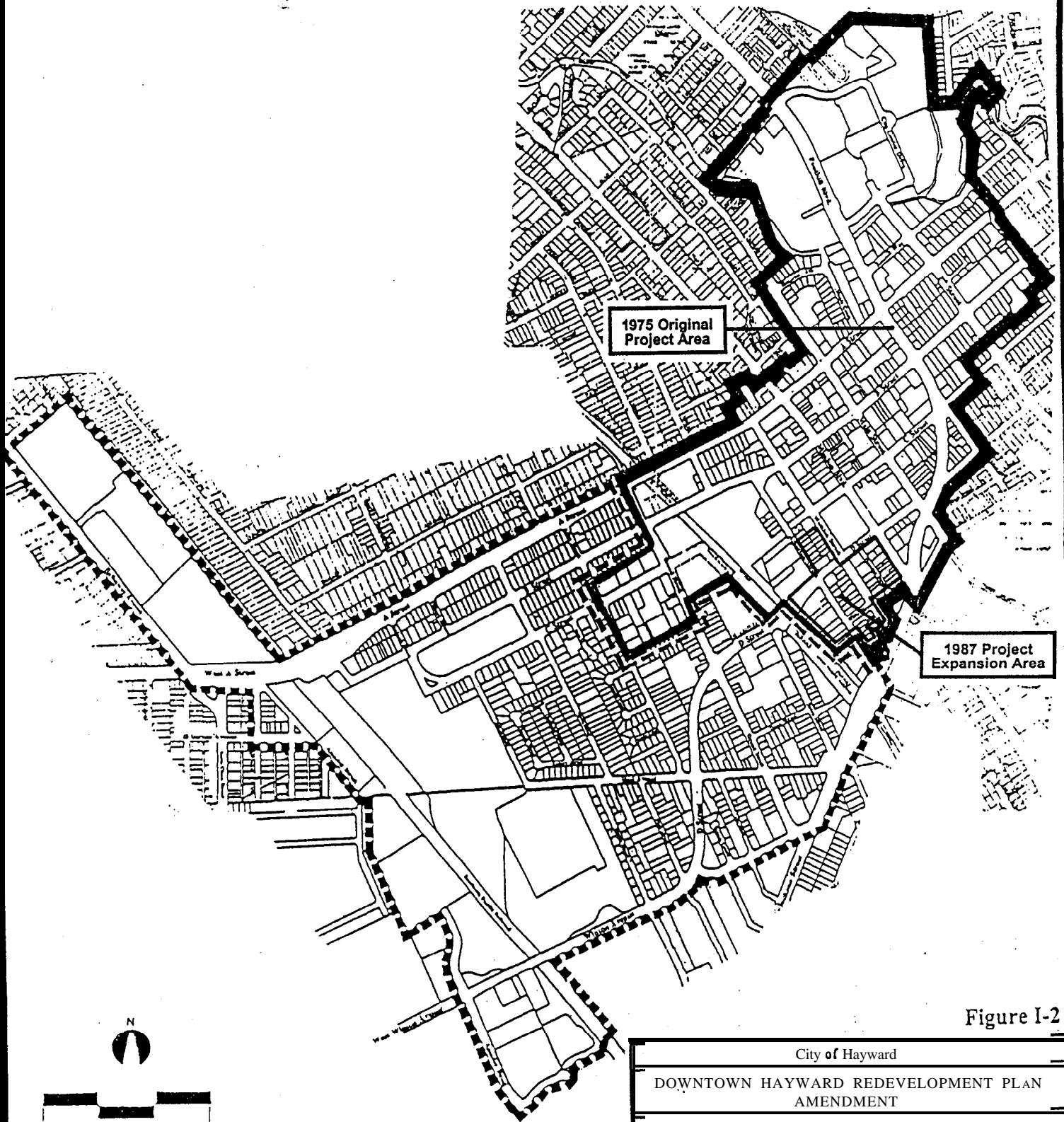
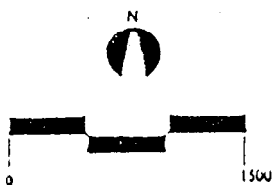


Figure I-2



City of Hayward
DOWNTOWN HAYWARD REDEVELOPMENT PLAN
AMENDMENT

Boundary Map

- Existing Redevelopment Project Boundary
- ■ ■ ■ ■ Added Area Boundary

The Redevelopment Agency of the City of Hayward

Selfel Associates
John B. Dykstra & Associates
19 August 1998

